

MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE

Santa Fe, New Mexico

January 2, 2003

A regular meeting of the City of Santa Fe Finance Committee was called to order on this date at approximately 5:15 p.m. in City Hall Council Chambers. Roll Call indicated the presence of a quorum, as follows:

Members Present:

Councilor Carol Robertson Lopez, Chair
Councilor Miguel M. Chavez
Councilor Karen Heldmeyer
Councilor Rebecca Wurzburger

Members Excused:

Councilor Matthew E. Ortiz, Chair

Staff Present:

Ms. Kathryn Raveling, Finance & Budget Division
Ms. Terry Medina, Finance & Budget Division

APPROVAL OF AGENDA

Ms. Raveling requested the following amendment to Item 15:

15. Request for Approval of Procurement Under Cooperative Educational Services Agreement — Artificial Turf for ~~Fort Marcy Recreational Complex~~ or Salvador Perez Park; Southwest Recreational Industries.

Councilor Heldmeyer moved approval of the Agenda, as published. Councilor Chavez seconded the motion, which passed unanimously by voice vote. [Councilor Wurzburger was not present for the vote.]

APPROVAL OF CONSENT AGENDA

Upon motion by Councilor Chavez, seconded by Councilor Heldmeyer, the Consent Agenda was approved, as amended, by unanimous voice vote: [Councilor Wurzburger was not present for the vote.]

6. Bid Openings:
 - a. Bid Opening No. 03/15/B – Chlorine Analyzers for Water Division; Analytical Technology, Inc.
7. [Moved to Discussion Agenda.]
8. Request for Approval of Lease Agreement and Release of Liability — Air Space Within the City Public Aerial Right of Way; T Mobile.
9. Request for Approval of Grant Application — Cooperative and Outreach Grants; New Mexico State Library.
10. Request for Approval of Grant Award — Transit Facilities Upgrade, Expansion and Equipment; Federal Transit Administration.
 - a. Request for Approval of Budget Increase — Grant Fund/CIP Reallocation Fund.
11. Request for Approval of Memorandum of Understanding — Facilities for Leagues and Events for Recreation Department; Santa Fe Public Schools.
12. [Moved to Discussion Agenda.]
13. Request for Approval of Amendment No. 4 to Services Agreement — Emergency Food Assistance Program; State of New Mexico Human Services Department.
 - a. Request for Approval of Budget Increase — Program Fund.
14. Request for Approval of Amendment No. 1 to Agreement Between Owner and Architect — Southside Library Project; Terraplen & Associates.
[This item was addressed on the Discussion Agenda.]
15. Request for Approval of Procurement Under Cooperative Educational Services Agreement — Artificial Turf for Salvador Perez Park; Southwest Educational Industries.
 - a. Request for Approval Budget Transfers — Project Fund.
16. Request for Approval of Budget Transfers/Increase — Alto Park Improvements.
17. [Moved to Discussion Agenda.]

18. Request for Approval of Professional Services Agreement — School Cross Guard Program; Santa Fe Public Schools.
 - a. Request for Approval of Budget Decrease — General Fund.
19. Request for Approval of Professional Services Agreement — Software Support Services for UCIS System for Utility Billing; Sandy Sommers.

APPROVAL OF MINUTES

November 4, 2002

Councilor Heldmeyer moved approval of the November 4 Minutes, as submitted. Councilor Chavez seconded the motion, which passed by voice vote, with Councilor Wurzburger abstaining.

December 2, 2002

Councilor Wurzburger moved approval of the December 2 Minutes, as submitted. Councilor Chavez seconded the motion, which passed unanimously by voice vote.

DISCUSSION AGENDA

Request for Approval of License Agreement and Release of Liability — Right of Way for Concession Trailer; Teresa Vinyes.

Councilor Heldmeyer said she understood from Reyes Aragon, the Land Management staff person handling this case, that several other people submitted similar requests to the City after the applicant, Ms. Vinyes, received approval from the Public Works Committee. She said these requests are to locate concessions either on the subject property or in other City-owned locations around the city, and asked how the City was doing in developing an overall policy to deal with that.

Traffic director John Nitzel responded that transportation engineer Rick Devine visited the site where Ms. Vinyes proposed to locate and wrote a memo to Ms. Aragon last week outlining Traffic's concerns, as well as the fact that there is no overall policy and there are legal concerns.

Mr. Devine summarized the following concerns, also questioning what party would be responsible for the needed changes: 1) The site is unimproved, with deep ruts, and needs grading and some gravel to make it accessible. 2) A driveway/curb cut is needed to focus access in one place; since the curb is mountable, entire the frontage along the

right of way could inadvertently turn into a driveway. 3) The site needs to have trash removed. 4) ADA access doesn't meet City Code.

Chair Lopez expressed concern about this eleventh hour decision by another branch of staff that there are all these problems. She also questioned why no one was present from Land Management.

Councilor Heldmeyer explained that these additional issues were raised by the Public Works Committee, and in the applicant's interest the Committee decided to recommend approval with the proviso that this other information could be presented today.

Chair Lopez said staff should have worked this out. She remarked that Ms. Vinyes has been left in limbo.

Chair Lopez stated that she recognized the parking issues raised by Messrs. Nitzel and Devine, but pointed out that this side of town is so underserved "that I'm not really sure this is necessarily such a bad thing."

Councilor Chavez agreed that this area of town was underserved, but he had safety concerns not only for the individuals running these businesses, but also for the patrons.

Councilor Chavez commented that it may be hard to come down on a small business like this, but it is important for the City "to get it right the first time" by applying a policy on the leasing of its right of way.

Councilor Chavez said he also understood that Ms. Vinyes would not be able to post a sign on Airport Road directing people to her business, and wondered how people would find her.

Chair Lopez said Ms. Vinyes started working with the City on September 4, four months ago, and since that time apparently no one from the City has "gotten it together" to work with this small business.

Responding to questioning from Councilor Wurzbarger, Mr. Nitzel said that the City's past experience with this type of application has not been favorable. He stated that, in a similar past instance, the City Attorney opined that it was neither appropriate nor legal to allow a private business to operate within a road right of way because of anti-donation issues and liability issues.

Councilor Wurzbarger asked staff what they would recommend, and Mr. Devine asked the Committee to postpone this item until the various questions he had raised could be answered.

Chair Lopez recommended that the City Manager meet with City staff from all the departments concerned, find out what went wrong to take so long to get to this point, how the process needs to be changed, and to come up with a recommended policy. She said a

City economic development planner should also be present. [Councilor Heldmeyer suggested in later discussion that City small business ombudsman Carlos Martinez attend the meeting, which Committee members agreed with.]

Councilor Wurzbarger so moved, with the additional stipulation that this item be remanded to the Public Works Committee at its January 13 meeting, and then to the Finance Committee for its next meeting.

Councilor Heldmeyer seconded the motion for discussion.

Councilor Chavez stated that the condition regarding signage on Airport Road also should be addressed, because such signage is not prohibited.

The motion passed unanimously by voice vote.

Committee members concurred with a recommendation by Councilor Wurzbarger that the City Manager contact Ms. Vinyes “and apologize for the way we’ve jerked her around....and to give her a sense of the timeline for resolving this.”

**Request for Approval of Change Order No. 2 to Contract —
Municipal Airport Runway 10-28 Reconstruction; J. R.
Hale Contracting Co., Inc.**

Councilor Chavez noted that about \$15,000 in gross receipts taxes has been assessed for this project and asked staff if J. R. Hale, which is based in Albuquerque, will be paying gross receipts taxes to Santa Fe County.

Ms. Raveling responded that this is a unique situation because Santa Fe Municipal Airport is City property but it is located in the County. She said the GRT rate imposed in this case is a special County tax rate assessed by Tax & Revenue for the Airport, a portion of which goes to the City.

Ms. Raveling also explained that the rule is that the gross receipts tax is paid based on the location of a project, but she could not guarantee that this always happens.

Councilor Chavez said he would like to address this question on a case-by-case basis so the City can capture whatever gross receipts taxes are due for a given project.

Ms. Raveling stated that she would contact J. R. Hale and make sure they were in compliance.

Councilor Chavez moved for approval. Councilor Heldmeyer seconded the motion, which passed unanimously by voice vote.

Request for Approval of Amendment No. 1 to Agreement Between Owner and Architect — Southside Library Project; Terraplen & Associates.

Councilor Wurzburger said she understood that the construction documents fee was \$201,000.

City Engineering director Robert Romero said that was correct, adding that the percentage was 5.2%, well below the standard 8-9%, and so was a very good price for this kind of project.

Mr. Romero called the Committee's attention to the Total Compensation list on page 2 of the contract, noting a total of \$335,339.85. He said Bidding & Negotiations and Construction were not included on the list because there was no funding yet for these two components.

Chair Lopez suggested that an independent cost engineer be brought in to evaluate the plans and see if the City is doing this project at the best possible price.

Mr. Romero said that could be done, and probably at a fairly reasonable price.

Councilor Heldmeyer said the Public Works Committee suggested that the independent evaluator also look at a phased approach, since \$6 million would be hard to come by all at once.

[This item was approved under Approval of Consent Agenda.]

Request for Approval of Amendment No. 1 to Contract — Well #9 Project; Alpha Southwest, Inc.

Councilor Chavez asked Water Division senior Engineer Frank Bailey to clarify the purpose of this amendment, and Mr. Bailey responded that the amendment would increase the total contract amount by \$348,631 to \$638,531. He said the contract, which was let in June 2002, requires this amendment to include Well #9 work along with needed funding for Water Operations in the future.

Responding to questioning from Councilor Heldmeyer on what the total cost of Well #9 has been, including the buildings, engines, pumps, and so forth, Mr. Bailey responded that \$1.2 million has been encumbered, of which \$600,000 has been spent on drilling the well, and that should cover all of the costs associated with Well #9.

Councilor Chavez asked Ms. Raveling if Alpha Southwest would be paying GRT to the City, and Ms. Raveling responded that the work is being done in Santa Fe County, so the contractor would be paying the County rate.

Councilor Chavez moved for approval. Councilor Heldmeyer seconded the motion, which passed unanimously by voice vote.

Request for Approval of Amendments to Loan Agreements; New Mexico Finance Authority.

a. Request for Approval of a Resolution Relating to the \$472,223 Loan Agreement Dated as of April 5, 2000 (the “Loan Agreement”), by and Between the City of Santa Fe, New Mexico (the “City”) and the New Mexico Finance Authority, Entered into for the Purpose of Defraying the Cost of Acquiring Supervisory Control and Data Acquisition Equipment for the City’s Water System (the “Project”); Authorizing an Amendment to the Loan Agreement to Provide that the Project Shall Include the Design, Construction and Equipping of Buckman Wells 10, 11, 12 and 13; Ratifying Actions Heretofore Taken; Repealing All Action Inconsistent With This Resolution; and Authorizing the Taking of Other Actions in Connection With the Execution of the Amendment to the Loan Agreement.

b. Request for Approval of a Resolution Relating to the \$500,000 Loan Agreement Dated as of June 6, 2000 (the “Loan Agreement”) by and Between the City of Santa Fe, New Mexico (the “City”) and the New Mexico Finance Authority, Entered into for the Purpose of Defraying the Cost of Acquiring Pump Generator and Reservoir Equipment for the City’s Water System (the “Project”); Authorizing an Amendment to the Loan Agreement to Provide That the Project Shall Include the Design, Construction and Equipping of Buckman Wells 10, 11, 12 and 13; Ratifying Actions Heretofore Taken; Repealing All Action Inconsistent With This Resolution; and Authorizing the Taking of Other Actions in Connection with the Execution of the Amendment to the Loan Agreement.

c. Request for Approval of Budget Increase — Project Fund.

Ms. Raveling stated that, when these loans were done in 2000, the New Mexico Finance Authority was very specific as to what the City could spend the money on. Since then, she said, the MFA has adopted a more flexible approach.

Ms. Raveling said these resolutions would release the City from the prior loan agreement, and then the money (about \$350,000) would be reallocated to the various wells that will be drilled.

Councilor Wurzbarger moved approval of Items a, b and c. Councilor Heldmeyer seconded the motion, which passed unanimously by voice vote.

Request for Approval of a Resolution Approving the National Pollution Discharge Elimination System Plan and Submitting an Application for a Permit From the U.S. Environmental Protection Agency.

Senior Planner Marian Shirin stated that the City is required to adopt an NPDES Plan by March 10, 2003. She said most of the Council committees have seen this plan and offered comments, and tonight the Finance Committee was being asked to review the funding components of the Best Management Practices that are required of the City. She said the City has to implement at least three of the BMPs listed under each of the six minimum control measures.

Ms. Shirin said the hope is that the Plan will be implemented in part by the Stormwater Utility Fee Ordinance, which is currently in draft form.

Councilor Chavez pointed out that Santa Fe County will be facing the same mandate, but Ms. Shirin has not been successful in her attempts to seek a joint application effort with the County.

Ms. Shirin said that was correct, and she was assuming that the City and County would be seeking separate permits.

Addressing the March 10 deadline, Ms. Shirin stated that whatever plan the City submits will be binding on the City and failure to implement it would be subject to fines. She said the entire plan would be submitted to the City Council on January 29 for action.

Councilor Wurzbarger asked Ms. Shirin what the bottom line was on this plan financially.

Ms. Shirin responded that she did not add all of the figures together, but called the Committee's attention to a Synopsis of Best Management Practices on pages 36-37, which broke out costs for recommended additional personnel per minimum measure.

Councilor Wurzbarger said that total would appear to be about \$1.2 million, but noted CIP and other costs elsewhere in the plan, and said she had no sense of the overall cost of the plan or how to calculate it.

Ms. Shirin explained that the whole plan has to be implemented and ongoing within five years, and so costs are different depending on the year.

Councilor Chavez also noted that the City is eligible for grants and assistance to help cover the costs of this un-funded federal mandate.

Councilor Wurzbarger moved for approval with the condition that staff provide, prior to January 29, a brief summary of what staff thinks the plan would cost if

implemented as is, and what sources of funding are possible; and that Ms. Raveling review the figures.

Councilor Chavez seconded the motion.

Councilor Heldmeyer said she attended a National League of Cities workshop on this issue, where cities discussed how they would pay for this un-funded mandate, and the most popular way was to have a stormwater utility fee. She expressed concern, however, that the City begin to seriously look at structuring and implementing this fee in order to pay for this plan rather than falling back on the General Fund as it has in the past.

The motion passed unanimously by voice vote.

OTHER FINANCIAL INFORMATION

a. FY 01/02 Expense/Expenditure Summary for All Funds.

Ms. Raveling stated that staff prepared this report in response to a request by Councilor Heldmeyer, who wanted to see the grouping of the City's financials by category.

Councilor Heldmeyer said she found this report to be very useful, since it revealed that 50% of the City's money is going into Public Works, Public Safety and Public Utilities. She recommended that Councilors keep this in mind as the City approaches the midyear point and the Council budget retreat (as yet unscheduled).

b. Lodgers Tax and Gross Receipts Tax Update — July Through November 2002.

Ms. Raveling said she had been puzzled when reporting these figures at the last meeting because the level of growth of the Lodgers Tax appeared to be so much lower than the Gross Receipts Tax through September. She commented that it turned out to be a timing issue, however — some entities had paid their back taxes but the figures were not reflected until the November report — and so the Lodgers Tax in fact is doing very well.

c. Implementation of GASB 34 for FY 01/02.

Ms. Raveling reported that the City was required to adopt new accounting principles, the GASB 34, for FY 2001-02 based on its level of revenues, and this has resulted in some major changes in reporting, including the reformatting of most of the City's financial statements. She said other differences are that the original and final budget are now included in the statements; there is a distinction between major funds and non-major

funds; and the concepts and terms of government-wide statements, the statement of net assets, and the statement of activities are new. She said staff has also done a lot of work on the fixed asset side.

Ms. Raveling said the City is now required to capitalize all its roads, which will be addressed next fiscal year. She stated that art, software and other areas will have to be capitalized as well. She noted that, while previously the City only had to depreciate the enterprise funds, now all City assets have to be depreciated.

Ms. Raveling reported that the City's audit report was delivered to the State Auditor in mid December and was returned this week with nine comments, which were relatively minor. She acknowledged the hard work of her staff.

d. Update of Quarterly Reports on Enterprise Funds for the Quarter Ended September 30, 2002.

Ms. Raveling reviewed the City's enterprise funds, noting that all of them were in the black with the exception of the Airport Enterprise Fund, which was slightly in the negative because a grant has not yet been paid.

Ms. Raveling stated that the MRC was also in the black for the first quarter, but also pointed out that this period was part of their peak season, and they have some very rough months coming up.

Ms. Raveling said the Water Enterprise Fund was also in the black, but added that the reported revenue included a lot of the surcharges that would not continue throughout the rest of the fiscal year.

Councilor Heldmeyer stated that she continues to hear reports about people who do not have a water meter and are therefore not billed for their water use. She added that she has constituents who have not paid large amounts of money because those amounts are in dispute.

Ms. Raveling agreed to provide an update on these issues and their impact on the revenue picture either at the next meeting or the one to follow.

Chair Lopez asked staff to provide details on the plans for this year's Summer Youth Program, including what the budget will be, how the fees will be collected, and, will an arts program be included.

MATTERS FROM THE COMMITTEE

None.

ADJOURN

Its business completed, the meeting was adjourned at approximately 6:45 p.m.

Accepted by:

Councilor Carol Robertson Lopez, Chair

Reviewed by:

Kathryn Raveling, Finance Director

Submitted by:

Judith S. Beatty, Recorder